

**CITY OF GLENWOOD**  
**INDEPENDENT AUDITORS' REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS**

**JUNE 30, 2010**

## Table of Contents

	<u>Page</u>
Officials	3
Independent Auditors' Report	5-6
Management's Discussion and Analysis	7-17
Basic Financial Statements:	<u>Exhibit</u>
Government-wide Financial Statement:	
Statement of Activities and Net Assets – Cash Basis	A 19-20
Governmental Fund Financial Statements:	
Statement of Cash Receipts, Disbursements and	
Changes in Cash Balances	B 21-22
Notes to Financial Statements	23-34
Required Supplementary Information:	
Budgetary Comparison Schedule of Receipts, Disbursements and	
Changes in Balances - Budget and Actual (Cash Basis) –	
All Governmental Funds	36
Notes to Required Supplementary Information – Budgetary Reporting	37
Other Supplementary Information:	<u>Schedule</u>
Schedule of Cash Receipts, Disbursements and Changes in	
Cash Balances - Nonmajor Governmental Funds	1 39-40
Combining Schedule of Cash Receipts, Disbursements and	
Changes in Cash Balances – Capital Projects Fund	2 41-42
Schedule of Indebtedness	3 43-44
Bond and Note Maturities	4 45-46
Schedule of Receipts by Source and Disbursements by Function –	
All Governmental Funds	5 47-48
Schedule of Expenditures of Federal Awards	6 49
Independent Auditors' Report on Internal Control over Financial Reporting	
and on Compliance and Other Matters Based on an Audit of Financial	
Statements Performed in Accordance with <i>Government Auditing Standards</i>	51-52
Independent Auditors' Report on Compliance with Requirements Applicable	
to Each Major Program and Internal Control Over Compliance in	
Accordance with OMB Circular A-133	53-54
Schedule of Findings and Questioned Costs	55-59

# City of Glenwood

## Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Kim Clark	Mayor	January 2012
Kay LeFever	Council Member	January 2012
Allan Christiansen	Council Member	January 2012
Craig Florian	Council Member	January 2012
Susan Hirshman	Council Member	January 2014
Clare Bangs	Council Member	January 2014
Mary J. Smith	City Administrator	Indefinite
Judith L. Groves	City Clerk	Indefinite
Matt Woods	Attorney	January 2012
Kristel Mayberry	Library Trustee	June 2011
Gary Johnson	Library Trustee	June 2011
Barbara Taenzler	Library Trustee	June 2013
Thomas Nutting	Library Trustee	June 2014
Martha Cheyney	Library Trustee	June 2014
Lyle Mayberry	Park Board Chairman	January 2012
Gary Shepard	Park Commissioner	January 2011
Cathy Zanker-Aspedon	Park Commissioner	January 2011
Ernie North	Park Commissioner	January 2012
Tim O'Connor	Park Commissioner	January 2013
Carol Dean	Amphitheater Board Member	Indefinite
Pete Jacobus	Amphitheater Board Member	Indefinite
William Rowe	Amphitheater Board Member	Indefinite
Jeff Mitts	Amphitheater Board Member	Indefinite
Carol Mitts	Amphitheater Board Member	Indefinite
Ross Garrett	Cemetery Board Chairman	March 2011
Hugh Trask	Cemetery Board Member	March 2011
Don Burwell	Cemetery Board Member	March 2011

**City of Glenwood**



Marilyn Schroer, CPA  
Diane McGrain, CPA  
Jim Menard, CPA

October 19, 2010

Independent Auditors' Report

To the Honorable Mayor and  
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Glenwood, Iowa, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements listed in the table of contents. These financial statements are the responsibility of the City of Glenwood's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Glenwood as of June 30, 2010, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2010 on our consideration of the City of Glenwood's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

omni business centre  
300 west broadway, suite 41  
council bluffs, iowa 51503  
712•322•8734 / fax 712•322•4699  
www.schroer-cpa.com

City of Glenwood  
Independent Auditors' Report

Management's Discussion and Analysis and budgetary comparison information on pages 7 through 17 and 36 through 37 are not required parts of the basic financial statements, but are supplementary information required by the accounting principles generally accepted in the United States of America. We applied limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Glenwood's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the five years ended June 30, 2009 (none of which are presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Schroeder & Associates, P.C.*

---

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Glenwood provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2010. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

---

### 2010 FINANCIAL HIGHLIGHTS

- **Receipts** of the City's governmental activities increased approximately 20%, or \$642,107 from FY2009 to FY2010. The major increases were in property taxes, tax increment financing, and federal grant funds for Hazel Street Bridge Project.
- **Disbursements** of the City's governmental activities increased approximately 21%, or \$674,858 from FY2009 to FY2010. The major increases were due to the Hazel Street Bridge Project and tax increment financing payments.
- **Cash Basis Net Assets** of the City decreased \$12,017 from FY2009 to FY2010. The major changes were due to the Capital Projects Fund for Hazel Street Bridge Project.

### USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

The Government-wide Financial Statement consists of a Statement of Activities and Net Assets. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide statement by providing information about the most significant funds.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the City's budget for the year.

Other Supplementary Information provides detailed information about the non-major governmental funds.

## **BASIS OF ACCOUNTING**

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

## **REPORTING THE CITY'S FINANCIAL ACTIVITIES**

### *Government-wide Financial Statement*

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Activities and Net Assets reports information which helps answer this question.

The Statement of Activities and Net Assets presents the City's net assets. Over time, increases or decreases in the City's net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities and Net Assets is divided into two kinds of activities:

- Governmental Activities include public safety, public works, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.
- The component unit includes activities of the Glenwood Municipal Utilities Board. The City is financially accountable for the utilities although it is legally separate from the City.

### *Fund Financial Statements*

The City's Governmental Funds Only:

Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds, and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax and Employee Benefits, and Local Option Sales Tax, 3) the Debt Service Fund, which includes Tax Increment Financing, 4) the Capital Projects Fund and 5) the Permanent Fund. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statements for governmental funds include a statement of cash receipts, disbursements and changes in cash balances.



## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities decreased from a year ago from \$2.820 million to \$2.808 million. The analysis that follows focuses on the changes in cash balances for governmental activities:

### CHANGES IN CASH BASIS NET ASSETS OF GOVERNMENTAL ACTIVITIES (Expressed in Thousands)

RECEIPTS/TRANSFERS:	2010	2009	2008	2007	2006
Charges for Services	161	165	174	232	186
Operating grants, contrib & restr int	802	770	747	841	810
Capital grants, contrib & restr int	573	74	46	61	1577
General Receipts:					
Property Tax	1734	1685	1625	1720	1526
Other City Tax, LOST	340	298	282	285	306
Grants, contrib not restr sp purpose	5	7	7	24	4
Debt Service/TIF	237	202	100	91	80
Unrestricted interest	13	26	37	33	25
Bond Proceeds	0	0	0	122	0
Sale of Assets	4	1	2	9	1
<b>TOTAL RECEIPTS/TRANSFERS:</b>	<b>3869</b>	<b>3228</b>	<b>3026</b>	<b>3418</b>	<b>4515</b>

**DISBURSEMENTS:**

Public Safety	960	929	922	970	824
Public Works	656	671	575	604	567
Culture & Recreation	514	536	535	479	478
Community & Economic Dev	290	261	51	49	59
General Government	313	292	318	296	298
Debt Service	410	430	544	466	424
Capital Projects	742	91	43	709	3699
Total Disbursements	3885	3210	2988	3573	6349
<hr/>					
Increase in Cash basis net assets	-12	18	38	-155	-1834
Cash basis net assets beg year 7/1/2009	2820	2802	2764	2919	4753
<hr/>					
Cash basis net assets end of year 6/30/2010	2808	2820	2802	2764	2919

**RECEIPTS FOR ALL FUNDS**

The City's receipts increased \$642,107 or approximately 20% over last year, due to property taxes, tax increment financing, and federal grant funds for the Hazel Street Bridge Project. The FY2010 tax levy and the FY09 tax levy were the same at 14.538.

Property Tax	107553
TIF	36226
Other City Tax/Local Opt Tax	-15862
License/Permits	-7353
Use of Money	-28314
Intergovernmental	568962
Charges for Service	10535
Special Assessments	-5818
Miscellaneous	-23822
TOTAL RECEIPTS:	<u>642107</u>

## **DISBURSEMENTS FOR ALL FUNDS**

The City's disbursements increased \$674,858 or approximately 21% over last year. The major increases were due to the Hazel Street Bridge Project and tax increment financing payments.

Public Safety	31935
Public Works	-15470
Culture & Recreation	-22641
Comm & Ec Development	29555
General Governmental	20980
Debt Service	-19823
Capital Projects	650322
TOTAL DISBURSEMENTS:	<u>674858</u>

## **CASH BASIS NET ASSET INCREASES/DECREASES BY FUND**

The City of Glenwood's total cash basis net assets decreased \$12,017 from FY2009 to FY2010 due to the following:

General Fund	16157
Road Use Fund	18280
Employee Benefits	53547
Local Option Sales Tax	-14410
Tax Increment Financing	5100
Asset Forfeitures	-1410
Library Trust	-7327
Debt Service	1425
Comm Rec Center	82007
Amph Trust	1704
Cem. Perpetual Care	2250
Special Revenue	-2093
Capital Pool Project	2000
Hazel Street Bridge	-176308
Park Trust	2000
Sidewalk Program	4831
Railroad Ave. Project	<u>230</u>
TOTAL DECREASE ALL FUNDS:	-12017

The total cost of all governmental activities this year was \$3.885 million compared to \$3.210 million last year. However, the amount that the tax payers ultimately financed for these activities was only \$2.348 million. The costs paid from those directly benefited from programs and services were \$161,486. The costs paid from operating grants, contributions and restricted interest were \$802,971, and the costs paid from capital grants, contributions and restricted interest were \$573,057.

## INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Glenwood completed the year, the total governmental funds reported a combined fund balance of \$2,808,154; a decrease of \$12,017 from last year's total of \$2,820,171. The following are the changes in the fund balances from the prior year:

**General Fund** – Increased \$16,157 over last year.

**Road Use Fund (Special Revenue)** – Increased \$18,280 over last year.

**Employee Benefits Fund (Special Revenue)** – Increased \$53,547 over last year.

**Debt Service Fund (Debt Service)** – Increased \$1,425 from last year.

**Capital Projects (Capital Projects)** – Decreased \$90,071 from last year.

**Amphitheater Trust (Permanent Fund)** – Increased \$1,704 over last year.

**Local Option Sales Tax (Other Non-Major Program Fund)** – Decreased \$14,410 from last year.

**All Other Non-major Government Funds** – Increased \$1,351

## BUDGETARY HIGHLIGHTS

The City of Glenwood amended its budget in March 2010, which resulted in an increase in disbursements of \$111,145 and an increase in receipts of \$77,813. There were a number of amendments, but the major changes were for use of federal grant proceeds for the Hazel Street Bridge Project.

The receipts projected in the amended budget compared to the actual receipts taken in at the end of FY2010 decreased \$35,983 primarily because of the federal grant proceeds for the Hazel Street Bridge Project, tax increment financing, and interest income. The disbursements anticipated in the amended budget compared to the actual disbursements decreased \$334,865. The changes were due to capital projects for \$75,925, general government for \$15,621, culture & recreation for \$52,722, public works for \$113,543, public safety for \$50,585, debt service for \$1, and community & economic development for \$26,468.

## DEBT ADMINISTRATION

At June 30, 2010, the City had \$2,823,810 in bonds and other long-term debt, compared to \$2,973,785 last year, as shown below:

Outstanding Debt at Year End  
(Expressed in Thousands)

2010	2009	2008	2007
2824	2974	3237	3494

The constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$2,823,810 is within this debt limit.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Glenwood's elected and appointed officials and citizens consider many factors when setting the budget, tax rates, and fees that will be charged for various City activities. General fund disbursements are reduced as revenues reduce, since the City can not levy over the 8.10 maximum levy on taxable valuations. This does not allow for any increases for inflation.

While property taxes are important to the City, they represent only 45% of the total program receipts for all funds for FY2011. The City monitors all receipts and determines the need for program adjustments or fee increases accordingly. The City considers public safety the top priority when considering budget adjustments.

Total actual receipts for FY2010 compared to FY2011 budget receipts increased \$68,439 due to property taxes and tax increment financing.

Total actual disbursements for FY2010 compared to FY2011 budget disbursements increased \$350,473 due to tax increment financing payments, public safety, public works, and culture and recreation.

## **TAX LEVY HISTORY**

FY2000	11.954
FY2001	13.039
FY2002	13.535
FY2003	13.688
FY2004	13.997
FY2005	14.162
FY2006	14.802
FY2007	14.408
FY2008	14.600
FY2009	14.538
FY2010	14.538
FY2011	14.482

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mary Jean Smith, City Administrator, 107 S. Locust, Glenwood, Iowa 51534.

**THREE YEAR COMPARISONS** – See attached charts 1 - 4

<b>GENERAL FUND RECEIPTS</b>		<b>BUDGET 2011</b>	<b>ACTUAL 2010</b>	<b>ACTUAL 2009</b>
1	Property Taxes	1,094,342	1,085,823	1,043,518
2	Other City Taxes	40,190	42,841	43,987
3	License/Permits	28,285	12,069	19,422
4	Use of Money	40,778	30,765	49,063
5	Intergovernmental	109,128	120,564	116,651
6	Charges for Service	108,510	115,290	102,080
7	Special Assessments	3,000	789	2,600
8	Miscellaneous	216,515	105,354	123,305
9	Transfers In	324,652	285,487	272,773
10	Asset/Debt Proceeds	1,500	4,300	1,500

<b>TOTALS</b>	<b>1,966,900</b>	<b>1,803,282</b>	<b>1,774,899</b>
---------------	------------------	------------------	------------------

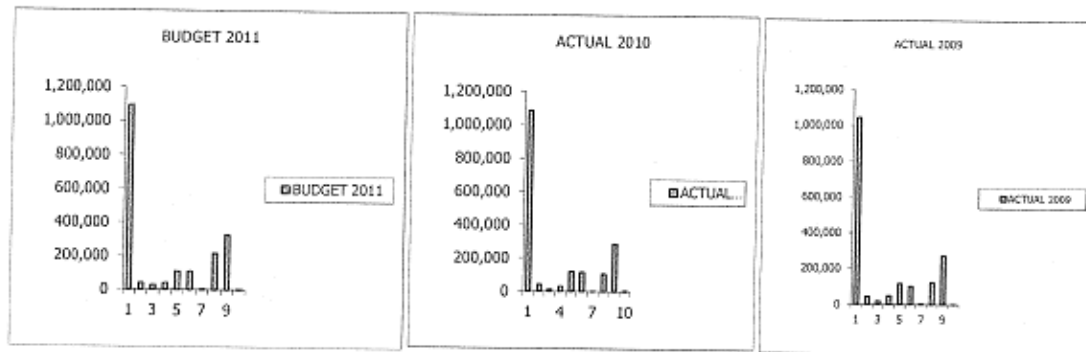


Chart 1

GENERAL FUND DISBURSEMENTS		BUDGET 2011	ACTUAL 2010	ACTUAL 2009
1	Public Safety	789,286	747,423	750,599
2	Public Works	347,966	317,937	297,086
3	Culture and Recreation	543,948	396,695	433,604
4	Community and Economic Development	53,700	42,925	40,694
5	General Government	301,150	278,145	259,523
6	Debt Service	0	0	0
7	Transfers Out	4,179	4,000	4,150
TOTALS		2,040,230	1,787,125	1,785,656
Amount Used from Reserve Balance		-73,330	16,157	-10,757

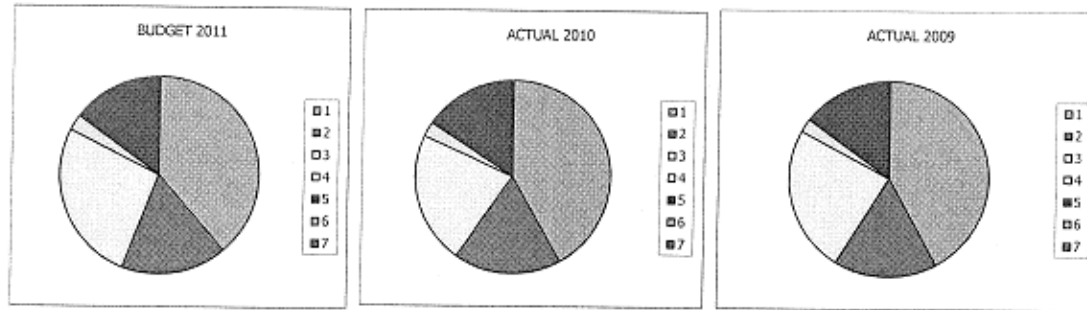
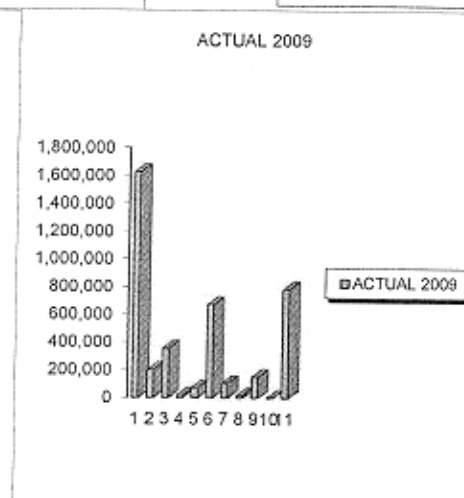
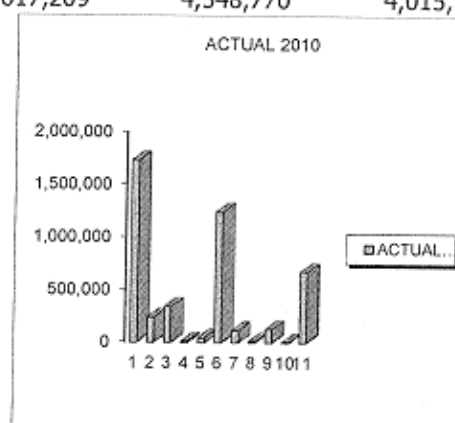
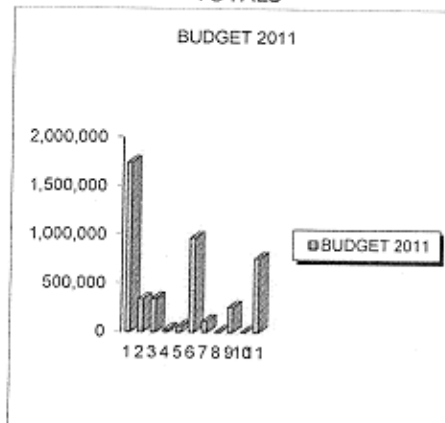


Chart 2

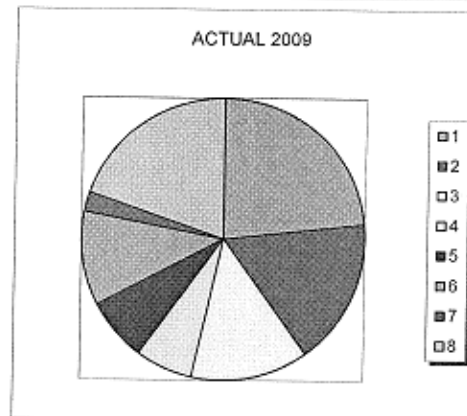
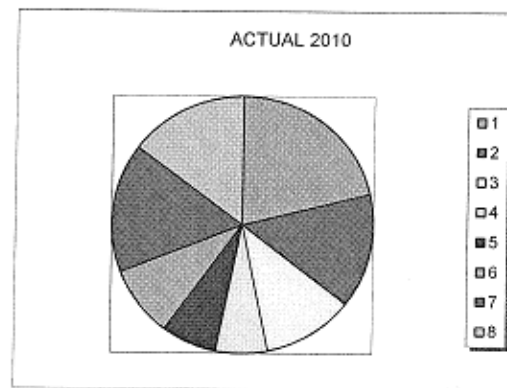
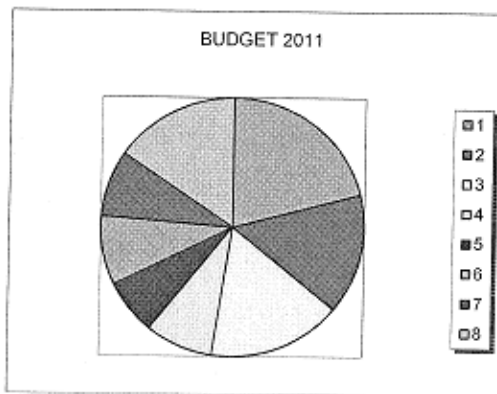
<b>ALL GOVT FUND RECEIPTS</b>			
	<b>BUDGET 2011</b>	<b>ACTUAL 2010</b>	<b>ACTUAL 2009</b>
1 Property Tax	1,743,426	1,733,925	1,626,372
2 Tax Increment Financing Collections	336,395	237,888	201,662
3 Other City Tax / LOST	344,786	340,493	356,355
4 Licenses and Permits	28,285	12,069	19,422
5 Use of Money and Property	58,778	46,433	74,747
6 Intergovernmental	968,363	1,243,683	674,721
7 Charges for Service	113,510	115,290	104,755
8 Special Assessments	3,000	11,992	17,810
9 Miscellaneous	258,425	127,359	151,181
10 Proceeds-Assets, Debt	1,500	4,300	1,500
11 Transfers In	760,741	675,338	787,193
<b>TOTALS</b>	<b>4,617,209</b>	<b>4,548,770</b>	<b>4,015,718</b>





ALL GOVT FUND DISBURSEMENTS		BUDGET 2011	ACTUAL 2010	ACTUAL 2009
1	Public Safety	1,023,511	960,371	928,436
2	Public Works	736,926	655,840	671,310
3	Culture and Recreation	810,004	513,682	536,323
4	Community and Economic Development	407,165	290,612	261,057
5	General Government	344,282	313,107	292,127
6	Debt Service	423,631	410,119	429,942
7	Capital Projects	405,000	741,718	91,396
8	Transfers Out	760,741	675,338	787,193
TOTALS		4,911,260	4,560,787	3,997,784

Amount used from Reserve Balance	-294,051	-12,017	17,934
----------------------------------	----------	---------	--------



**City of Glenwood**  
**Basic Financial Statements**

City of Glenwood  
Statement of Activities and Net Assets – Cash Basis  
As of and for the year ended June 30, 2010

	Disbursements	Charges for Service	Program Operating Grants Contributions and Restricted Interest
<b>Functions/Programs:</b>			
<b>Primary Government:</b>			
Governmental activities:			
Public safety	\$ 960,371	21,707	84,408
Public works	655,840	66,887	515,571
Culture and recreation	513,682	60,389	187,479
Community and economic development	290,612	11,374	3,500
General government	313,107	1,129	12,013
Debt service	410,119	-	-
Capital projects	741,718	-	-
Total governmental activities	3,885,449	161,486	802,971
<b>Total Primary Government</b>	<b>\$ 3,885,449</b>	<b>161,486</b>	<b>802,971</b>
<b>Component Unit:</b>			
Glenwood Municipal Utilities	\$ 2,100,296	1,723,150	-

**General Receipts:**  
Property tax levied for:  
General purposes  
Employee benefits  
Special tax fund  
Debt service  
Tax increment financing  
Local option sales tax  
Grants and contributions not restricted  
to specific purpose  
Unrestricted interest on investments  
Miscellaneous  
Sale of assets  
Total general receipts

Change in cash basis net assets

Cash basis net assets beginning of year

Cash basis net assets end of year

**Cash Basis Net Assets**

Restricted:  
Nonexpendable:  
Cemetery perpetual care  
Amphitheater endowment  
Expendable:  
Streets  
Employee benefits  
LOST debt service  
Capital projects  
Debt service  
Other purposes  
Unrestricted

Total cash basis net assets

See notes to financial statements

**Exhibit A**

Receipts	Net (Disbursement) Receipts and Changes in Cash Basis Net Assets	
	<b>Primary Government</b>	<b>Component Unit</b>
Capital Contributions and Restricted Interest	Governmental Activities	Glenwood Municipal Utilities
-	(854,256)	-
-	(73,382)	-
-	(265,814)	-
-	(275,738)	-
-	(299,965)	-
-	(410,119)	-
573,057	(168,661)	-
573,057	(2,347,935)	-
573,057	(2,347,935)	-
-	-	(377,146)

\$	1,128,664	-
	513,238	-
	32,801	-
	116,486	-
	237,888	-
	283,229	-
	5,928	18,890
	13,384	19,027
		28,101
	4,300	-
	2,335,918	66,018
	(12,017)	(311,128)
	2,820,171	2,700,316
\$	2,808,154	2,389,188

\$	58,189	-
	301,998	-
	278,229	-
	355,691	-
	7,000	-
	1,017,374	-
	23,216	-
	130,786	136,179
	635,671	2,253,009
\$	2,808,154	2,389,188

City of Glenwood  
Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances - Governmental Funds  
As of and for the year ended June 30, 2010

	General	Special Revenue		
		Road Use Tax	Employee Benefits	Local Option Sales Tax
Receipts				
Property tax	\$ 1,085,823	-	501,941	-
Tax increment financing collections	-	-	-	-
Other city tax	42,841	-	11,297	283,229
Licenses and permits	12,069	-	-	-
Use of money and property	30,765	-	-	-
Intergovernmental	120,564	497,017	-	67,009
Charges for service	115,290	-	-	-
Special assessments	789	-	-	-
Miscellaneous	105,354	-	8,075	-
Total receipts	1,513,495	497,017	521,313	350,238
Disbursements				
Operating:				
Public safety	747,423	-	211,538	-
Public works	317,937	229,347	108,387	-
Culture and recreation	396,695	-	97,980	-
Community and economic development	42,925	-	14,899	-
General government	278,145	-	34,962	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Total disbursements	1,783,125	229,347	467,766	-
Excess (deficiency) of receipts over (under) disbursements	(269,630)	267,570	53,547	350,238
Other financing sources (uses):				
Note proceeds	-	-	-	-
Note redeemed	-	-	-	-
Sale of capital assets	4,300	-	-	-
Operating transfers in	285,487	11,203	-	-
Operating transfers out	(4,000)	(260,593)	-	(364,648)
Total other financing sources (uses)	285,787	(249,390)	-	(364,648)
Net change in cash balances	16,157	18,280	53,547	(14,410)
Cash balances beginning of year	619,514	259,949	302,144	21,410
Cash balances end of year	\$ 635,671	278,229	355,691	7,000
<b>Cash Basis Fund Balances</b>				
Reserved for debt service	\$ -	-	-	-
Unreserved:				
General fund	635,671	-	-	-
Special revenue funds	-	278,229	355,691	7,000
Capital projects fund	-	-	-	-
Permanent fund	-	-	-	-
Total cash basis fund balances	\$ 635,671	278,229	355,691	7,000

See notes to financial statements

Debt Service	Capital Projects	Permanent Amphitheater Trust	Other Nonmajor Governmental Funds	Total
114,080	-	-	32,081	1,733,925
-	-	-	237,888	237,888
2,406	-	-	720	340,493
-	-	-	-	12,069
-	13,964	1,704	-	46,433
-	559,093	-	-	1,243,683
-	-	-	-	115,290
-	-	-	11,203	11,992
-	-	-	13,930	127,359
<u>116,486</u>	<u>573,057</u>	<u>1,704</u>	<u>295,822</u>	<u>3,869,132</u>
-	-	-	1,410	960,371
-	-	-	169	655,840
-	-	-	19,007	513,682
-	-	-	232,788	290,612
-	-	-	-	313,107
410,119	-	-	-	410,119
-	741,718	-	-	741,718
<u>410,119</u>	<u>741,718</u>	<u>-</u>	<u>253,374</u>	<u>3,885,449</u>
(293,633)	(168,661)	1,704	42,448	(16,317)
104,998	-	-	-	104,998
(104,998)	-	-	-	(104,998)
-	-	-	-	4,300
295,058	78,590	-	5,000	675,338
-	-	-	(46,097)	(675,338)
<u>295,058</u>	<u>78,590</u>	<u>-</u>	<u>(41,097)</u>	<u>4,300</u>
1,425	(90,071)	1,704	1,351	(12,017)
<u>21,791</u>	<u>1,107,445</u>	<u>300,294</u>	<u>187,624</u>	<u>2,820,171</u>
<u>23,216</u>	<u>1,017,374</u>	<u>301,998</u>	<u>188,975</u>	<u>2,808,154</u>
23,216	-	-	-	23,216
-	-	-	-	635,671
-	-	-	130,786	771,706
-	1,017,374	-	-	1,017,374
-	-	301,998	58,189	360,187
<u>23,216</u>	<u>1,017,374</u>	<u>301,998</u>	<u>188,975</u>	<u>2,808,154</u>

City of Glenwood  
Notes to Financial Statements  
June 30, 2010

**NOTE (1) Summary of Significant Accounting Policies**

The City of Glenwood is a political subdivision of the State of Iowa located in Mills County and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, culture and recreation, community and economic development and general government services.

**A. Reporting Entity**

For financial reporting purposes, the City of Glenwood has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

These financial statements present the City of Glenwood (the primary government) and its component unit. The component unit discussed below is included in the City's reporting entity because of the significance of their operational or financial relationship with the City. Certain disclosures about the discretely presented component unit are not included because the component unit has been audited separately and a report has been issued under separate cover. The audited financial statements are available at the City Clerk's office.

**Discretely Presented Component Unit**

Glenwood Municipal Utilities is presented in a separate column to emphasize that it is legally separate from the City, but is financially accountable to the City, or whose relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. The officials of the Utilities are appointed by the City Council and the operating budget adoption process of the Utilities is subject to the approval of the City Council.

City of Glenwood  
Notes to Financial Statements  
June 30, 2010

**NOTE (1) Summary of Significant Accounting Policies - Continued**

A. Reporting Entity - Continued

Jointly Governed Organizations

The City participates in jointly governed organizations for which the City is not financially accountable or that the nature and significance of the relationship with the City are such that exclusion does not cause the City's financial statements to be misleading or incomplete. City officials are members of the Mills County Assessor's Conference Board, Mills County Emergency Management Commission, Mills County E911 Board, and Iowa Waste System Association.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Activities and Net Assets reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities are supported by tax and intergovernmental revenues.

The Statement of Activities and Net Assets presents the City's nonfiduciary net assets. Net assets are reported in two categories:

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets that do not meet the definition of the preceding category. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements - Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.



City of Glenwood  
Notes to Financial Statements  
June 30, 2010

**NOTE (1) Summary of Significant Accounting Policies - Continued**

**B. Basis of Presentation - Continued**

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

**Special Revenue:**

The Road Use Tax Fund is used to account for road construction and maintenance.

The Employee Benefits Fund is used to account for property taxes levied to pay employee benefits.

The Local Option Sales Tax Fund is used to account for the receipts from the tax authorized by referendum and used for the community recreation center.

The Debt Service Fund is utilized to account for the payment of interest and principal on the City's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the construction of capital facilities with the exception of those financed through enterprise funds.

The Permanent Fund - Davies Amphitheater is used to report resources that are legally restricted to the extent that only earnings and not principal may be used to support the activities of the amphitheater.

**C. Measurement Focus and Basis of Accounting**

The City of Glenwood maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

City of Glenwood  
Notes to Financial Statements  
June 30, 2010

**NOTE (1) Summary of Significant Accounting Policies – Continued**

C. Measurement Focus and Basis of Accounting - Continued

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

D. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2010, disbursements did not exceed the budgeted amounts.

E. Property Tax Calendar

The City's property tax rates were extended against the assessed valuation of the City as of January 1, 2008, to compute the amounts which became liens on property on July 1, 2009. These taxes were due and payable in two installments on September 30, 2009 and March 31, 2010, at the Mills County Treasurer's Office. These taxes are recognized as income to the City when they are received from the county.

**NOTE (2) Cash and Pooled Investments**

The City's deposits in banks at June 30, 2010 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

City of Glenwood  
Notes to Financial Statements  
June 30, 2010

**NOTE (2) Cash and Pooled Investments - Continued**

At June 30, 2010, the City had the following investments:

Type	Carrying Value	Approximate Fair Value	Maturity
U.S. Treasury Note	\$ 100,000	\$ 100,000	October 2011
U.S. Treasury Note	50,000	50,000	January 2012
	<u>\$ 150,000</u>	<u>\$ 150,000</u>	

The City's cash and investments at June 30, 2010 totaled \$2,808,154.

Interest rate risk – The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the need and use of the City.

**NOTE (3) Contracts Receivable**

In August 2002, the City of Glenwood sold real estate property to the School District. The District agreed to pay the City a non-interest bearing note of \$15,000 over 10 years. The City received \$1,500 on the contract during the year leaving a balance receivable of \$3,000 at June 30, 2010.

**NOTE (4) Bonds and Notes Payable**

Annual debt service requirements to maturity of general obligation debt are as follows:

Year Ended June 30,	General Obligation Bonds & Notes	
	Principal	Interest
2011	\$ 275,218	\$ 116,028
2012	286,811	103,413
2013	291,781	91,498
2014	260,000	80,429
2015	180,000	69,828
2016-2020	1,040,000	235,568
2021-2022	<u>490,000</u>	<u>31,332</u>
Total	<u>\$ 2,823,810</u>	<u>\$ 728,096</u>

Interest paid on long term debt during the year totaled \$122,762.

City of Glenwood  
Notes to Financial Statements  
June 30, 2010

**NOTE (4) Bonds and Notes Payable - Continued**

The Code of Iowa requires that principal and interest on general obligation bonds be paid from the Debt Service Fund. The principal and interest on general obligation sales tax bonds are to be paid from the local option sales tax funds collected.

The City has a general obligation debt limit of approximately \$11,900,000 which was not exceeded during the year ended June 30, 2010.

**NOTE (5) Lease Agreement**

The City leases copy machines under operating lease agreements. Rent expense for the year ended June 30, 2010 was \$1,644. The future required minimum lease payments are as follows:

Year ending June 30,	Amount
2011	\$ 1,644
2012	1,644
2013	1,644
2014	<u>685</u>
	\$ <u>5,617</u>

**NOTE (6) Pension and Retirement Benefits**

The City contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 4.30% of their annual covered salary and the City is required to contribute 6.65% of annual covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by State statute. The City's contributions to IPERS for the years ended June 30, 2010, 2009, and 2008, were \$77,834, \$74,800, and \$72,503, respectively, equal to the required contributions for each year.

City of Glenwood  
Notes to Financial Statements  
June 30, 2010

**NOTE (7) Other Postemployment Benefits (OPEB)**

The City operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 24 active members and 1 retired member in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a fully-insured plan with Wellmark. The City pays a portion of the premium for retirees, which results in an explicit subsidy and an OPEB liability. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

The contribution requirements of plan members are established and may be amended by the City. The City currently finances the retiree benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the City and plan members are \$375 for single coverage and \$1,151 for family coverage. The same monthly premiums apply to retirees. For the year ended June 30, 2010, the City made an implicit contribution of approximately \$2,012 to the plan. The retired plan member eligible for benefits contributed \$4,024 to the plan.

**NOTE (8) Compensated Absences**

City employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation payable to employees at June 30, 2010, primarily relating to the General Fund is \$33,180. This liability is computed on rates of pay effective as of June 30, 2010.

Sick leave is payable when used or for certain employees upon retirement. Employees retiring after 15 years of service may receive one-half of their unused accumulated sick leave based on the effective hourly rate for that employee. For each additional year of service, the employee shall receive 2% additional sick leave per year. There are eight employees eligible for this termination benefit. The approximate liability at June 30, 2010 for sick leave conversion payable upon retirement to these employees is \$50,428.

City of Glenwood  
Notes to Financial Statements  
June 30, 2010

**NOTE (9) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2010 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue:	
	Road Use Tax	\$ 250,593
	Special Tax	34,894
		<u>285,487</u>
Special Revenue:	Special Revenue:	
Road Use Tax	Special Tax	11,203
Special Revenue:	Special Revenue:	
Special Tax	Road Use Tax	5,000
Debt Service	Special Revenue:	
	Local Option Sales Tax	295,058
Capital Projects:	General	4,000
	Special Revenue:	
	Road Use Tax	5,000
	Local Option Sales Tax	69,590
		<u>78,590</u>
		\$ <u>675,338</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse resources.

**NOTE (10) Risk Management**

The City is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 634 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials' liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 200 percent of the total current members' basis

City of Glenwood  
Notes to Financial Statements  
June 30, 2010

**NOTE (10) Risk Management – Continued**

rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The City's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The City's annual contributions to the Pool for the year ended June 30, 2010 were \$58,767.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$10,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. As of June 30, 2010, settled claims have not exceeded the risk pool or reinsurance company coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions, however, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The City also carries workmen's compensation insurance purchased from a commercial vendor. The City assumes liability for any deductions, and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

City of Glenwood  
Notes to Financial Statements  
June 30, 2010

**NOTE (11) Construction Commitments**

The City has the following commitments on a contract for a bridge replacement project as of June 30, 2010:

	Estimated Contracted Amount	Paid to Date	Remaining Commitment	Retainage Payable
Engineer	\$ 108,082	\$ 108,082	\$ -	\$ -
Construction contract	711,614	688,908	22,706	21,306
			<u>\$ 22,706</u>	<u>\$ 21,306</u>

**NOTE (12) Commitments**

Communication Service

The City has entered into a 28E agreement with Mills County for the purpose of providing communication service for law enforcement officers for the people of Mills County and the City of Glenwood. The City has agreed to pay \$115,000 per year, through June 30, 2011, adjusted by the consumer price index.

Rescue Service

The City has a contract agreement for ambulance services for which payment of services is in the form of payments by the City for bills, invoices, and other expenses totaling \$32,000 a year through June 2011.

YMCA Operating Agreement

The YMCA and the City of Glenwood have a joint operating agreement regarding a recreation facility for a period of 15 years. The YMCA is responsible for operation, maintenance, utilities and insurance of the facility. The City of Glenwood will contribute before July 15 of the following year \$50,000 each year for the first three years, up to \$50,000 each year for the next two years for operating deficits, and up to \$50,000 for each year for the next five years for operating deficits to the extent of one half of the excess revenue received by the City for local option sales tax. A full year is defined as January 1 through December 31 effective January 1, 2006. The City paid the YMCA \$50,000 in July 2009.

Recycling Agreement

The City has contracted for recycling services at \$1.25 per month per water customer through December 2012. The annual cost approximates \$33,000.



City of Glenwood  
Notes to Financial Statements  
June 30, 2010

**NOTE (13) Urban Renewal Development Agreements**

The City has entered into agreements with developers to construct certain public improvements related to the development of Urban Renewal Areas. In exchange, the City has agreed to pay the developers for these costs, plus interest.

These agreements are payable solely from the income and proceeds of the Urban Renewal Tax Increment Fund, and the taxes to be paid into the fund in accordance with Chapter 403.19 of the Code of Iowa.

Gotschall Agreement

The City has agreed to pay the developer a total of \$277,222 plus interest at 7% per annum. Principal and interest payments are due December 1 and June 1, with final payment due June 2011. The City paid the developer \$85,553 during the year ended June 30, 2010.

Mintle Agreement

The City has agreed to pay the developer a total of \$400,000 plus interest at 7% per annum. Principal and interest are due December 1 and June 1, with final payment due June 2013. The City paid the developer \$67,653 during the year ended June 30, 2010.

Hughes Agreements

The City has agreed to pay the developer a total of \$369,669 plus interest at 5% per annum. Principal and interest payments are due December 1 and June 1, with final payment due June 2016. The City paid the developer \$68,868 during the year ended June 30, 2010.

The City has agreed to pay the developer a total of \$890,000 plus interest at 7% per annum. Principal and interest payments are due December 1 and June 1, with final payment due June 2019. The City paid the developer \$8,666 during the year ended June 30, 2010.

Osterloh and New Century Building Company LLC Agreement

The City has agreed to pay the developer a total of \$245,000 plus interest at 7% per annum. Principal and interest are due December 1 and June 1, with final payment due June 2019. No payments were made to the developers during the year.

**NOTE (14) Reciprocal Services with its Component Unit**

The City and its component unit, Glenwood Municipal Utilities, have an arrangement in which the City provides office space to the Utilities at no cost and the Utilities provides water and sewer to all City owned and operated facilities at no cost. In addition, the Utilities invoice and collect for recycling fees and remit all monies received to the City.

City of Glenwood  
Notes to Financial Statements  
June 30, 2010

**NOTE (15) Subsequent Event**

In July 2010, the City approved a bid of \$43,078 for street improvements.

In July 2010, the City approved an engineer contract for \$31,765 for a street project estimated to cost \$350,000.

### **Required Supplementary Information**

City of Glenwood  
 Budgetary Comparison Schedule  
 of Receipts, Disbursements, and Changes in Balances -  
 Budget and Actual (Cash Basis) - All Governmental Funds  
 Required Supplementary Information  
 Year ended June 30, 2010

	Governmental Funds Actual	Budgeted Amounts		Final to Actual Variance
		Original	Final	
Receipts				
Property tax	\$ 1,733,925	1,719,782	1,716,564	17,361
Tax increment financing collections	237,888	249,510	249,510	(11,622)
Other city tax	340,493	338,365	337,865	2,628
Licenses and permits	12,069	30,510	20,855	(8,786)
Use of money and property	46,433	81,900	57,200	(10,767)
Intergovernmental	1,243,683	1,192,920	1,262,881	(19,198)
Charges for service	115,290	107,700	112,215	3,075
Special assessments	11,992	7,360	13,593	(1,601)
Miscellaneous	127,359	99,255	134,432	(7,073)
Total receipts	3,869,132	3,827,302	3,905,115	(35,983)
Disbursements				
Public safety	960,371	1,001,952	1,010,956	50,585
Public works	655,840	716,205	769,383	113,543
Culture and recreation	513,682	549,353	566,404	52,722
Community and economic development	290,612	329,880	317,080	26,468
General government	313,107	369,525	328,728	15,621
Debt service	410,119	410,120	410,120	1
Capital projects	741,718	732,134	817,643	75,925
Total disbursements	3,885,449	4,109,169	4,220,314	334,865
Excess (deficiency) of receipts over (under) disbursements	(16,317)	(218,867)	(315,199)	298,882
Other financing sources, net	4,300	1,500	4,300	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(12,017)	(280,367)	(310,899)	298,882
Balances beginning of year	2,820,171	2,635,116	2,820,181	(10)
Balances end of year	\$ 2,808,154	2,354,749	2,509,282	298,872

See accompanying independent auditors' report.

City of Glenwood  
Notes to Required Supplementary Information – Budgetary Reporting  
June 30, 2010

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board (GASB) Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except Internal Service Funds and Fiduciary Funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon major classes of disbursements known as functions, not by fund or fund type. These functions are: public safety, public works, culture and recreation, community and economic development, general government, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds and Permanent Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted disbursements by \$111,145. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2010, disbursements did not exceed the final budgeted amounts.

### **Other Supplementary Information**

City of Glenwood  
Schedule of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Nonmajor Governmental Funds  
As of and for the year ended June 30, 2010

		Special Revenue		
	Special Tax Fund	Urban Renewal Tax Increment	Sidewalk Fund	Asset Forfeitures
Receipts:				
Property tax	\$ 32,081	-	-	-
Tax increment financing collections	-	237,888	-	-
Other city tax	720	-	-	-
Special assessments	11,203	-	-	-
Miscellaneous	-	-	-	-
Total receipts	44,004	237,888	-	-
Disbursements:				
Operating:				
Public safety	-	-	-	1,410
Public works	-	-	169	-
Culture and recreation	-	-	-	-
Community and economic development	-	232,788	-	-
Total disbursements	-	232,788	169	1,410
Excess (deficiency) of receipts over (under) disbursements	44,004	5,100	(169)	(1,410)
Other financing uses:				
Operating transfers in	-	-	5,000	-
Operating transfers out	(46,097)	-	-	-
	(46,097)	-	5,000	-
Net change in cash balances	(2,093)	5,100	4,831	(1,410)
Cash balances beginning of year	2,093	90,866	10,020	2,027
Cash balances end of year	\$ -	95,966	14,851	617
<b>Cash Basis Fund Balances</b>				
Unreserved:				
Special revenue funds	\$ -	95,966	14,851	617
Permanent fund	-	-	-	-
Total cash basis fund balances	\$ -	95,966	14,851	617

See accompanying independent auditors' report

Library Building Trust	Permanent Cemetery Perpetual Care	Total
-	-	32,081
-	-	237,888
-	-	720
-	-	11,203
11,680	2,250	13,930
<u>11,680</u>	<u>2,250</u>	<u>295,822</u>
-	-	1,410
-	-	169
19,007	-	19,007
-	-	232,788
<u>19,007</u>	<u>-</u>	<u>253,374</u>
(7,327)	2,250	42,448
-	-	5,000
-	-	(46,097)
-	-	(41,097)
(7,327)	2,250	1,351
<u>26,679</u>	<u>55,939</u>	<u>187,624</u>
<u>19,352</u>	<u>58,189</u>	<u>188,975</u>
19,352	-	130,786
-	58,189	58,189
<u>19,352</u>	<u>58,189</u>	<u>188,975</u>



City of Glenwood  
Combining Schedule of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Capital Projects Fund  
As of and for the year ended June 30, 2010

	Community Recreation Center	Pool	Hazel Street Bridge	Railroad Avenue
Receipts:				
Use of money and property	\$ 13,964	-	-	-
Intergovernmental	-	-	559,093	-
Total receipts	<u>13,964</u>	<u>-</u>	<u>559,093</u>	<u>-</u>
Disbursements:				
Capital projects	<u>1,547</u>	<u>-</u>	<u>735,401</u>	<u>4,770</u>
Excess (deficiency) of receipts over (under) disbursements	12,417	-	(176,308)	(4,770)
Other financing sources:				
Operating transfers in	<u>69,590</u>	<u>2,000</u>	<u>-</u>	<u>5,000</u>
	<u>69,590</u>	<u>2,000</u>	<u>-</u>	<u>5,000</u>
Net change in cash balances	82,007	2,000	(176,308)	230
Cash balances beginning of year	<u>940,846</u>	<u>16,249</u>	<u>146,975</u>	<u>-</u>
Cash balances end of year	\$ <u>1,022,853</u>	<u>18,249</u>	<u>(29,333)</u>	<u>230</u>
<b>Cash Basis Fund Balances</b>				
Unreserved:				
Capital projects fund	\$ <u>1,022,853</u>	<u>18,249</u>	<u>(29,333)</u>	<u>230</u>

See accompanying independent auditors' report

<u>Park</u>	<u>Cemetery</u>	<u>Total</u>
-	-	13,964
-	-	559,093
-	-	573,057
-	-	741,718
-	-	(168,661)
2,000	-	78,590
2,000	-	78,590
2,000	-	(90,071)
1,000	2,375	1,107,445
3,000	2,375	1,017,374
3,000	2,375	1,017,374

City of Glenwood  
Schedule of Indebtedness  
Year ended June 30, 2010

<u>Obligation</u>	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Amount Originally Issued</u>
General obligation bonds and notes:			
Building	Aug 1, 1997	10.00 %	\$ 144,000
Street improvement and refunding	Mar 1, 1999	4.10 - 4.60 %	995,000
Local Option Sales Tax	Jun 15, 2005	3.70 - 4.25 %	3,000,000
Police equipment	Feb 1, 2007	3.50 %	122,315
Fire equipment	Dec 23, 2009	2.50 %	104,998

See accompanying independent auditors' report

	Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
\$	52,589	-	13,777	38,812	4,639	-
	405,000	-	75,000	330,000	18,133	-
	2,495,000	-	145,000	2,350,000	99,658	-
	21,196	-	21,196	-	332	-
	-	104,998	-	104,998	-	-
\$	<u>2,973,785</u>	<u>104,998</u>	<u>254,973</u>	<u>2,823,810</u>	<u>122,762</u>	<u>-</u>

City of Glenwood  
Bond and Note Maturities  
June 30, 2010

Ending June 30,	<b>General Obligation Bonds and</b>					
	Building		Street Improvement and Refunding Notes		Local Option Sales Tax	
	Issued Aug 12, 1997		Issued Mar 1, 1999		Issued Jun 15, 2005	
	Interest Rate	Amount	Interest Rate	Amount	Interest Rate	Amount
2011	10.00 %	\$ 15,219	4.40 %	\$ 75,000	3.80 %	\$ 150,000
2012	10.00 %	16,812	4.50 %	80,000	3.80 %	155,000
2013	10.00 %	6,781	4.55 %	85,000	3.80 %	165,000
2014	-	-	4.60 %	90,000	3.80 %	170,000
2015	-	-	-	-	3.80 %	180,000
2016	-	-	-	-	3.90 %	190,000
2017	-	-	-	-	4.00 %	200,000
2018	-	-	-	-	4.10 %	205,000
2019	-	-	-	-	4.15 %	215,000
2020	-	-	-	-	4.15 %	230,000
2021	-	-	-	-	4.20 %	240,000
2022	-	-	-	-	4.25 %	250,000
Total		\$ 38,812		\$ 330,000		\$ 2,350,000

See accompanying independent auditors' report

**Notes**

Fire Equipment		
Issued Dec 23, 2009		
Interest		
Rate	Amount	Total
2.50 %	\$ 34,999	\$ 275,218
2.50 %	34,999	286,811
2.50 %	35,000	291,781
-	-	260,000
-	-	180,000
-	-	190,000
-	-	200,000
-	-	205,000
-	-	215,000
-	-	230,000
-	-	240,000
-	-	250,000
	<u>\$ 104,998</u>	<u>\$ 2,823,810</u>

City of Glenwood  
Schedule of Receipts By Source and Disbursements By Function -  
All Governmental Funds  
For the Last Six Years

	2010	2009	2008
Receipts			
Property tax	\$ 1,733,925	1,626,372	1,566,544
Tax increment financing collections	237,888	201,662	100,298
Other city tax	340,493	356,355	340,142
Licenses and permits	12,069	19,422	27,393
Use of money and property	46,433	74,747	96,372
Intergovernmental	1,243,683	674,721	613,467
Charges for service	115,290	104,755	97,376
Special assessments	11,992	17,810	19,261
Miscellaneous	127,359	151,181	162,733
Total	<u>\$ 3,869,132</u>	<u>3,227,025</u>	<u>3,023,586</u>
Disbursements			
Operating:			
Public safety	\$ 960,371	928,436	922,336
Public works	655,840	671,310	574,713
Culture and recreation	513,682	536,323	535,284
Community and economic development	290,612	261,057	50,811
General government	313,107	292,127	317,811
Debt service	410,119	429,942	543,462
Capital projects	741,718	91,396	43,420
Total	<u>\$ 3,885,449</u>	<u>3,210,591</u>	<u>2,987,837</u>

See accompanying independent auditors' report.

<u>2007</u>	<u>2006</u>	<u>2005</u>
1,675,606	1,526,033	1,374,290
90,708	79,780	102,612
347,326	306,223	287,214
62,214	32,613	4,000
85,453	76,937	35,445
606,625	1,909,060	682,825
95,072	101,220	142,360
47,397	23,923	25,676
<u>276,654</u>	<u>458,035</u>	<u>329,261</u>
<u>3,287,055</u>	<u>4,513,824</u>	<u>2,983,683</u>
970,456	823,700	788,864
603,563	567,186	633,840
478,962	477,647	438,921
49,411	59,025	55,226
295,781	297,993	316,465
465,912	424,435	223,664
<u>709,384</u>	<u>3,698,967</u>	<u>567,880</u>
<u>3,573,469</u>	<u>6,348,953</u>	<u>3,024,860</u>



City of Glenwood  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2010

Grantor/Program	CFDA Number	Agency Pass-through Number	Program Expenditures
Direct:			
U.S. Department of Justice			
Vest Partnership Grant	16.607	FY 2010	\$ 1,646
Indirect:			
Federal Highway Administration			
Iowa Department of Transportation			
Highway Planning and Construction	20.205	STP-U-2955(603)-70-65	588,320
ARRA - Highway Planning and Construction	20.205	FY 2010	6,398
			\$ <u>596,364</u>

Basis of Presentation - The Schedule Expenditures of Federal Awards includes the federal grant activity of the City of Glenwood. The City of Glenwood's financial statements are presented in conformity with an other comprehensive basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditors' report.

**City of Glenwood**



Marilyn Schroer, CPA  
Diane McGrain, CPA  
Jim Menard, CPA

October 19, 2010

Independent Auditors' Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

To the Honorable Mayor and  
Members of the City Council:

We have audited the financial statements of the governmental activities, each major fund, and the remaining fund information of the City of Glenwood, Iowa, as of and for the year ended June 30, 2009, and have issued our report thereon dated October 19, 2010. Our report expressed unqualified opinions on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Glenwood's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of City of Glenwood's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of City of Glenwood's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

City of Glenwood  
Independent Auditors' Report on  
Internal Control and Compliance

Compliance

As part of obtaining reasonable assurance about whether the City of Glenwood's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of non-compliance that is described in Part II of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2010 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

City of Glenwood's response to our finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the City's response, we did not audit City of Glenwood's response and, accordingly, we express no opinion on it.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Glenwood and other parties to whom the City of Glenwood may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Glenwood during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

*Schroer & Associates, P.C.*



Marilyn Schroer, CPA  
Diane McGrain, CPA  
Jim Menard, CPA

October 19, 2010

Independent Auditors' Report on Compliance with Requirements  
Applicable to Each Major Program and On Internal Control over  
Compliance in Accordance with OMB Circular A-133

To the Honorable Mayor and  
Members of the City Council:

We have audited the compliance of the City of Glenwood, Iowa, with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2010. The City of Glenwood's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major federal program is the responsibility of the City of Glenwood's management. Our responsibility is to express an opinion on the City of Glenwood's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Glenwood's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on City of Glenwood's compliance with those requirements.

In our opinion, City of Glenwood complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2010.

Continued...

City of Glenwood  
Independent Auditors' Report on Compliance  
in Accordance with OMB Circular A-13

Internal Control Over Compliance

The management of City of Glenwood is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grant agreements applicable to federal programs. In planning and performing our audit, we considered City of Glenwood's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Glenwood's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as described above.

City of Glenwood's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the City's responses, we did not audit City of Glenwood's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Glenwood and other parties to whom the City of Glenwood may report. This report is not intended to be and should not be used by anyone other than these specified parties.

*Schroer & Associates, P. C.*

City of Glenwood  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2010

**Part I: Findings Related to the Financial Statements:**

- (a) Unqualified opinions were issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.
- (b) The audit did not disclose any significant deficiencies or material weaknesses in internal control over financial reporting.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) The audit did not disclose any significant deficiencies or material weaknesses in internal control over its major program.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit did not disclose any audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) City of Glenwood's major program was:
  - CFDA Number 20.205 – Highway Planning and Construction
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) City of Glenwood did not qualify as a low-risk auditee.

City of Glenwood  
Schedule of Findings and Questioned Costs  
June 30, 2010

**Part I: Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

No comments or recommendations.

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.



City of Glenwood  
Schedule of Findings and Questioned Costs  
June 30, 2010

**Part III: Findings and Questioned Cost for Federal Awards:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES:**

No comments or recommendations.

City of Glenwood  
Schedule of Findings and Questioned Costs  
June 30, 2010

**Part II: Other Findings Related to Statutory Reporting:**

IV-A-10     Certified Budget

Disbursements during the year ended June 30, 2010 did not exceed the amended budgeted amounts.

IV-B-10     Entertainment Expense

We noted no disbursements for parties, banquets or other entertainment for employees that we believe may constitute an unlawful expenditure from public funds as defined in an Attorney General's opinion dated April 25, 1979.

IV-C-10     Travel Expense

No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

IV-D-10     Business Transactions

No business transactions were noted between the City and City officials or employees.

IV-E-10     Bond Coverage

Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

IV-F-10     Council Minutes

No transactions were found that we believe should have been approved in the Council minutes but were not.

IV-G-10     Deposits and Investments

We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy.

IV-H-10     Revenue Note

The City has no revenue debt.

City of Glenwood  
Schedule of Findings and Questioned Costs  
June 30, 2010

**Part IV: Other Findings Related to Statutory Reporting Continued:**

IV-I-10     Excess Balances

Comment – The balance in the Capital Projects Fund at June 30, 2010 was in excess of the fund's disbursements during the year.

Recommendation – The City should consider the necessity of maintaining the substantial balance.

Response – The balance was created by note proceeds issued and Local Option Sales Tax receipts to be used for maintenance and improvements to the YMCA recreational facility through the term of the debt.

Conclusion – Response accepted.